

1.1 CUSC Workgroup Consultation Response Proforma

CMP343: Transmission Demand Residual bandings and allocation for 1 April 2022 implementation (TCR)'**CMP340: Consequential changes for CMP332 (TCR)**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to cusc.team@nationalgrideso.com by **5pm on 31 July 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation please contact Paul Mullen paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Matthew Boulton
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For reference the CUSC (charging) objectives for CMP343 are:

- That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);*
- That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

For reference the CUSC (non-charging) objectives for CMP340 are:

- a. *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- b. *Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;*
- c. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d. *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.

CMP343

Standard Workgroup Consultation questions CMP343		
1	Do you believe that the CMP343 Original Proposal better facilitate the Applicable CUSC Objectives? Please explain your rationale.	For this to be an improvement, it needs to adopt a more tailored charging approach for sites directly connected to the transmission network, such as those proposed in alternative 5.
2	Do you believe that any of the CMP343 proposed alternative solutions better facilitate the Applicable CUSC Objectives? Please explain your rationale.	<p>Yes, we consider alternative proposal 5 an improvement on the original proposal, since it at least recognises that assets of drastically different sizes and characteristics are already connected to the transmission network. This range and diversity is set to increase as the proliferation of new smaller connections on National Grid's TEC register attests.</p> <p>Our assessment of alternative proposal 5 against the applicable CUSC objectives is</p> <ol style="list-style-type: none"> a) Positive. The ESO has been directed to raise this modification and implement its effects by Ofgem. b) Positive. It will reduce distortive charges between small and large sites. c) Neutral

		d) Neutral e) Neutral
3	Do you support the proposed implementation approach?	Yes. Implementation from 1 st April 2022 gives the industry and consumers enough notice of this change.
4	Do you have any other comments?	<p>We understand the rationale for moving demand residual collection from a peak demand charge basis (Triads) to an import capacity basis, but have concerns at the way the proposed scheme creates 'cliff edges' at the band boundaries, and think this will adversely affect the evolution of the EV charging market.</p> <p>Pivot Power's is committed to accelerating EV adoption. We are clearly concerned at the discriminatory pricing impact the current single transmission band would have – it would immediately rule out the kind of 1-5 MW charging stations we are hoping to connect to our private wire networks.</p> <p>But we also have concerns at the proposed bandings for the distribution networks. Creating dramatic jumps (£15k to £75k at 1.7 MVA on the 11kV network, and £3k to £89k at 1 MVA on the 33kV network) will put intense pressure on the charge point operators (CPOs) to keep their connections below this threshold – at least for several years, until customer queues mean they have to (and can afford to) upgrade. To drive EV adoption, we want CPOs to be investing in sites with capacity headroom, ensuring they can continue to stay ahead of demand, avoid queuing at their sites, and send the clear signal to drivers that the country is ready for rapid EV adoption.</p>
5	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
Specific CMP343 Workgroup Consultation questions		
6	Do you agree with the proposed methodology on page 7 of the Workgroup Consultation document to calculate a volumetric p/kWh	No view

	residual charge for Unmetered Supply (UMS) Demand? Please provide the rationale for your response.	
7	Following the CMP332 Workgroup consultation, the CMP343/340 Workgroup has developed alternative options for 2 or 4 transmission bands and has produced some analysis to show the impacts. This can be found in Annex 8. What are your views on whether there should be 1, 2 or 4 transmission bands? Please provide the rationale for your response.	<p>We support the alternative for 4 bands as the best option currently available, and this goes a long way to reducing the distortions that would otherwise occur in charges for transmission vs distribution-connected assets.</p> <p>If Ofgem were to proceed with either the 1 or 2-band option, Pivot Power would have to abandon its private wire plans.</p>
8	The Workgroup has proposed that if there were 2 transmission bands, these would be divided at the 85 th percentile (as this coincides with the point beyond which the sites are more than twice the size of the mean total consumption). Do you agree with this method? Please provide the rationale for your response?	<p>We don't agree with any method that would have only 2 bands at the transmission level.</p> <p>It would render uneconomic any EV operation (car or bus) directly on the transmission network and would introduce a fixed charge wildly different to those such operations would face on the distribution network.</p>
9	The assumptions that underpin the analysis on transmission banding to set out illustrative charges are contained in Annex 9. Please provide any comments on these assumptions.	The assumptions seem reasonable.

10	Following the CMP332 workgroup consultation, the CMP343/340 Workgroup has developed options A, B and C to address the treatment of zones that have a negative locational tariff. Which of these options do you support? Please provide the rationale for your response.	No view
Question 11 is for those who responded to the CMP332 consultation		
11	CMP343/340 builds on the CMP332 solution. Please let us know if anything has changed in your response since the CMP332 Workgroup Consultation.	n/a

CMP340

Standard Workgroup Consultation questions CMP340		
12	Do you believe that the CMP340 Original Proposal better facilitates the Applicable (non-charging) CUSC Objectives?	Yes. Our assessment against the applicable CUSC objectives is a) Positive. The ESO was directed to raise this modification and implement its effects by Ofgem. b) Neutral c) Neutral d) Neutral
13	Do you support the proposed implementation approach?	Yes.
14	Do you have any other comments?	No.
15	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
Specific CMP340 Workgroup Consultation question		

16	Annex 11 sets out the initial thoughts on the potential changes to the CUSC Section 11 definitions that would need to change to support the CMP343 Original and other potential solutions. Do you have any comments on the proposed changes?	The potential changes to the definitions seem reasonable.
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